

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Periodic Reporting  
(Proposal Three)

Docket No. RM2020-10

CHAIRMAN'S INFORMATION REQUEST NO. 3

(Issued August 6, 2020)

To further assist the Commission in its evaluation of the Postal Service's proposed changes to analytical principles relating to periodic reports,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions and data requests. The responses and data should be provided as soon as possible, but no later than August 14, 2020.

1. The Postal Service states that under the Proposal Three methodology, it will "[u]se [Time and Attendance Collection System (TACS)] data to provide control totals for the portion of supervisor costs incurred on weekdays (Monday – Saturday) by employees whose base craft is carrier, but who have clocked as a supervisor craft, as approved in Order No. 5395."<sup>2</sup> *Id.* at 4.

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Three), June 11, 2020 (Petition). The Postal Service also filed a notice of filing of public and non-public materials relating to Proposal Three. Notice of Filing of USPS-RM2020-10-1 and USPS-RM2020-10-NP1 and Application for Nonpublic Treatment, June 11, 2020.

<sup>2</sup> Order No. 5395 approved the use of TACS by Cost Ascertainment Groups (CAGs) to allocate costs for carriers acting as supervisors on Sundays and holidays at customer service facilities. See Docket No. RM2019-12, Order on Analytical Principles Used in Periodic Reporting (Proposal Seven), January 6, 2020 (Order No. 5395). Proposal Three expands "this methodology to all days of the week." Petition, Proposal Three n.4.

- a. Does the Proposal Three methodology impact supervisors' costs whose base craft is not carrier?
  - b. If so, please describe how the Proposal Three methodology impacts supervisors' costs whose base craft is not carrier.
2. Would the approval of Proposal Three change the modified methodology approved in Order No. 5395? If so, please describe in detail how the methodology would be changed.
3. Would the approval of Proposal Three change the methodology partially approved in Order No. 4972 (Proposal Two)?<sup>3</sup> If so, please describe in detail how the methodology would be changed.
4. Does the current In-Office Cost System (IOCS)-Non-Cluster methodology take into account city carrier hourly pay differences due to:
  - a. Overtime pay? If yes, please explain how. If not, please explain why not.
  - b. Salary differences among full-time carriers? If yes, please explain how. If not, please explain why not.
  - c. Salary differences among other city carriers (e.g., part-time, city carrier assistants, etc.)? If yes, please explain how. If not, please explain why not.
  - d. Sunday premium wages? If yes, please explain how. If not, please explain why not.
  - e. Holiday wages? If yes, please explain how. If not, please explain why not.

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<sup>3</sup> Docket No. RM2018-5, Order Approving in Part Proposal Two, January 8, 2019 (Order No. 4972). Proposal Two included an IOCS-Cluster sample design for city carriers' weekday non-holiday costs which was not approved in that proceeding. Petition, Proposal Three at 2. However, a component of Proposal Two in Order No. 4972 approved the use of TACS workhours to develop city carrier Sunday/holiday cost control totals by office CAG.

- f. Night differential wages for city carriers acting as supervisors? If yes, please explain how. If not, please explain why not.
- 5. Does the proposed IOCS-Cluster methodology take into account city carrier hourly pay differences due to:
  - a. Overtime pay? If yes, please explain how. If not, please explain why not.
  - b. Salary differences among full-time carriers? If yes, please explain how. If not, please explain why not.
  - c. Salary differences among other city carriers (e.g., part-time, city carrier assistants, etc.)? If yes, please explain how. If not, please explain why not.
  - d. Sunday premium wages? If yes, please explain how. If not, please explain why not.
  - e. Holiday wages? If yes, please explain how. If not, please explain why not.
  - f. Night differential wages for city carriers acting as supervisors? If yes, please explain how. If not, please explain why not.
- 6. What proportion of city carrier overtime workhours are logged during the afternoon or evening, and what proportion are logged during the morning? Please specify the proportions if the overtime workhours vary by fiscal year quarter, city carrier craft type and office-CAG group.
- 7. Can the city carrier workhours actual hourly rate (accounting for wage and supplemental wage differences) associated with the TACS workhours be identified and used to adjust for cost differences during the week, month, and period under the Proposal Three methodology?

- a. If yes, please discuss how the workhours can be identified and used to adjust for such cost differences and provide the calculations and results of the adjustment(s).
  - b. If not, please explain the reasons and provide any analyses supporting the conclusion that hourly rate information could not or should not be used to adjust for such cost differences.
8. Under the Proposal Three methodology, for the morning on-site tests, the Postal Service takes repeated measurements during the morning period on the same six carriers randomly selected from the list of eligible employees. Petition, Proposal Three at 4-5.<sup>4</sup> Please discuss how the six carriers are sampled and selected such that the number of full-time city carriers, and the number of other city carriers sampled under the Proposal Three morning samples, reflect the proportion and population of city carrier types by office CAG group.
9. In Docket No. RM2018-5, under the proposed IOCS-Cluster in that proceeding (Proposal Two), motorized city carrier letter route street time was estimated to be about \$225 million less and walking letter route street time cost was estimated to be about \$214 million greater than the IOCS-Non-Cluster at that time. See Order No. 4972 at 23. The Postal Service stated that there were two reasons for those differences in Proposal Two: (1) the number of eligible carriers in the panel offices was not accounted for in the proposed afternoon sampling methodology;

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<sup>4</sup>See Docket No. ACR2019, Responses of the United States Postal Service to Questions 1-15 of Chairman's Information Request No. 12, February 14, 2020, question 7.

and (2) “current IOCS re-aligns the CAGs of offices depending on whether they were historically included in the CAG A or CAG B panel before 1992.”<sup>5</sup>

- a. Please specify whether and how, if applicable, the number of eligible carriers in the panel offices is accounted for in the Proposal Three methodology.
- b. Please discuss the reasons why, under the Proposal Two methodology, not accounting for the number of eligible carriers in the proposed afternoon sampling methodology would result in a decrease in motorized city carrier letter routes street time costs and an increase in walking city carrier letter routes street time costs.
- c. Please explain how, under the Proposal Two methodology, not realigning the CAGs of offices’ costs that were historically included, or not, in the CAG A or CAG B panel prior to 1992 would cause a decrease in motorized city carrier letter route street time costs and an increase in walking city carrier letter route street time costs.
- d. Please specify whether, under the Proposal Three methodology, the CAGs of offices’ costs that were historically included in the CAG A or CAG B panel prior to 1992 are realigned. If they are realigned, please confirm that the realignment process is the same as the current methodology realignment process and that the TACS workhours are grouped the same way as traditionally done for costs, reflecting the historical 1992 CAG A

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<sup>5</sup> Docket No. RM2018-5, Responses of the United States Postal Service to Questions 1-13, 15-17 of Chairman’s Information Request No. 4, September 5, 2018, question 2.a. The Postal Service describes the realignment process under the current methodology as: “[t]allies and costs for offices that used to be in the CAG A/B strata [before 1992] are now all moved to CAG A, no matter their current CAG, while data for offices that were [sic] are now CAG A, but not in the historical A/B strata are moved to CAG B.” *Id.*

and B offices panel.<sup>6</sup> If they are not realigned, please discuss the reasons why not.

10. Under the Proposal Three methodology, the public impact table shows a decrease in total First-Class Mail cost (\$175.7 million) and increases in total USPS Marketing Mail and Periodicals costs (\$86.3 million and \$60.4 million, respectively).<sup>7</sup> Petition, Proposal Three at 15. Please discuss the reasons for the decrease in First-Class Mail costs and increase in USPS Marketing Mail and Periodicals costs.
11. Please refer to Table 2 in Order No. 4972. It appears that city carrier in-office direct mail labor costs for First-Class Mail are higher in realigned CAG group A offices, while USPS Marketing Mail costs are higher in CAG groups B and C offices.
  - a. Please discuss whether the changes in the number of offices sampled and any office or workhours CAG group assignments under the Proposal Three methodology impacted the decrease in First-Class Mail costs.<sup>8</sup> Please include in your response any analyses or validation of these cost changes under the Proposal Three methodology.
  - b. Please discuss whether the changes in the number of offices sampled and any office or workhours CAG group assignments under the Proposal Three methodology impacted the increase in both USPS Marketing Mail and Periodicals costs. *Id.* Please include in your response any analyses

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<sup>6</sup> In the FY2018 Annual Compliance Report, the Postal Service assigned “the CAG group of TACS workhours in the same way traditionally done for costs, reflecting the historical 1992 CAG A and B panels.” See Docket No. ACR2018, Responses of the United States Postal Service to Questions 1-5 of Chairman’s Information Request No. 22, March 13, 2019, question 4.b.

<sup>7</sup> The Proposal Three public impact table includes both office and street costs and the referenced figures include piggyback costs. Petition, Proposal Three at 15.

<sup>8</sup> See Petition, Proposal Three at 15.

or validation of these cost changes under the Proposal Three methodology.

By the Chairman.

Robert G. Taub